



PHILLIPS PETROLEUM COMPANY

FARMINGTON, NEW MEXICO 87401
5525 HWY. 64 NBU 3004

RECEIVED
NOV 16 1995

November 16, 1995

Mr. David Catenach
Petroleum Engineering Specialist
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87501

Re: San Juan 32-8 #303 SWD
(NE 14 T31N-R8W)
San Juan County, New Mexico

Dear Mr. Catenach:

Phillips Petroleum Co. is requesting the New Mexico Oil Conservation Division grant Phillips Petroleum permission to dispose of Fruitland Coal water in the upper Morrison Formation in the referenced well.

At the present time the water disposal needs of the San Juan 32-8 Unit Fruitland Coal exceeds the current injection capacity into the Morrison, Bluff and Entrada zones. Administrative Order SWD-490 currently limits the top of the injection interval to 8,510 feet. The top of the Morrison Formation is at 8268 feet. Phillips Petroleum is requesting permission to inject into the upper Morrison Formation from 8272 to 8510 feet.

Phillips Petroleum recognizes that the Morrison Formation underlies the Dakota Sandstone which is a major hydrocarbon producing interval in some areas of the San Juan Basin. Phillips does not believe injection into the upper interval of the Morrison Formation will jeopardize any current or future Dakota development in the area. Listed below are summaries of all offset Dakota tests within a two mile radius of the subject disposal well.

Approximately 1.2 miles to the ESE is the San Juan 32-8 #35 (SW 13 T31N-R8W) which was drilled and abandoned in the Dakota Sandstone in 1960. This well was not completed in the Dakota Sandstone, however, it did penetrate the lower Dakota Sandstone.

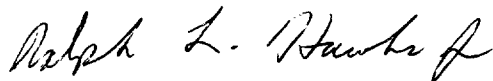
Approximately 1.5 miles to the north is the State Com 31-8 #1 (SW 2 T31N-R8W) which was drilled and abandoned in the Dakota Sandstone in 1983. This well was completed in all of the Dakota sandstone intervals. The gross completed interval was 8047 to 8223 feet. The wireline log indicates the lowest Dakota Sandstone to be from 8195 to 8248 feet with the interval from 8230 to 8248 feet to be wet. The top of the Morrison Formation is 8250 feet.

Approximately 2.8 miles to the NNE is the Albino Canyon #1 (SW 36 T32N-R8W) which was drilled and abandoned in the Dakota Sandstone in 1969. This well was completed in the all of the Dakota sandstone members, however, in the lowest Dakota sandstone interval only the upper part was completed. The gross completed interval was from 8323 to 8436 feet. The Morrison Formation was not penetrated. The scout ticket indicates the hole made water.

Approximately 2 miles to the SW is one of the only two producing Dakota wells in the San Juan 32-8 Unit. The SJ 32-8 #11A (SE 21 T31N-R8W) was first delivered July 1982 and has a cumulative production of 394.5 MMCF. This well was completed from 7886 to 8053 feet. The lowest completed zone is in the upper interval of the lowest Dakota Sandstone, an estimated 80 feet above the top of the Morrison Formation.

Your assistance with this matter is greatly appreciated. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Ralph L. Hawks Jr.".

Ralph L. Hawks Jr.
Geological Specialist

cc: Ernie Busch
NMOCD
Aztec, New Mexico

Ben Stone

From: Ernie Busch
To: Ben Stone
Subject: PHILLIPS PET. CO. (UIC)
Date: Friday, December 15, 1995 3:27PM
Priority: High

SAN JUAN 32-8 UNIT #303 SWD
14-31N-08W

RECOMMENDATION: APPROVE ON CONDITION THAT AFTER THE NEW PERFS ARE ADDED, A SWAB TEST WILL BE PERFORMED TO OBTAIN WATER SAMPLES AND HYDROCARBONS, IF THERE ARE ANY.